

CHECKLIST ENVIRONMENTAL ASSESSMENT

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| Project Name: | 2008 Land Banking Nomination |
| Proposed Implementation Date: | 2008-2009 |
| Proponent: | Montgomery Ranch Co. |
| Location: | T10N-R40E-Sec16, All, 640 Acres Sale 556 T10N-R42E-Sec16, All, 640 Acres Sale 557 T11N-R41E-Sec36, All, 640 Acres Sale 558 T11N-R42E-Sec36, All, 640 Acres Sale 559 T7N-R42E-Sec16, All, 640 Acres Sale 560 |
| County: | Rosebud |
| Trust Beneficiary: | Common Schools |

I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, 3,200 acres of state trust land currently held in trust for the benefit of Public Schools. Revenue from the sale would be deposited in a special account used to purchase replacement lands meeting acquisition criteria related to legal access, productivity, potential income and proximity to existing state ownership which would then be held in trust for the benefit of Public Schools. The proposed sale is part of a program called Land Banking authorized by the 2003 Legislature. The purpose of the program is for the Department of Natural Resources and Conservation to overall, diversify uses of land holdings of the various trusts, improve the sustained rate of return to the trusts, improve access to state trust land and consolidate ownership.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

- A letter was distributed in September 2004 to all state surface lessees informing them of the Land Banking Program and requesting nominations.
- Legal notices were published in the Forsyth Independent Press, Jordan Tradewind, Glendive Ranger Review and the Miles City Star from 8/1/2008 through 8/30/2008.
- Direct mailings were made to lessees, adjacent landowners, County Commissioners and other concerned parties.
- Follow-up contacts were made by phone and mail with parties requesting additional information.
- One comment was received and taken into consideration from region 7 Fish, Wildlife & Parks regarding productive antelope habitat.
- The tracts were also posted on the DNRC web page at:
<http://dnrc.mt.gov/TLMSPublic/LandBanking/LBTest.aspx>

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

None

3. ALTERNATIVES CONSIDERED:

Alternative A- No action; under this alternative the State would retain the existing land ownership pattern and would not sell the 320 acres of Trust Land contained in the following tracts: T10N-R40E-Sec16, T10N-R42E-Sec16, T11N-R41E-Sec36, T11N-R42E-Sec36, T7N-R42E-Sec16.

Alternative B- Under this alternative, the Department would request and recommend approval by the Land Board to sell the proposed land locked tract. If approved by the board, the sale would be at public auction. The

income from the sale would be pooled with other land sale receipts from across the state to fund the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

A variety of soil types are found across these tracts. Soils are moderately to highly erosive in nature, no evidence of fragile or compactable soils on the tract. The USDA-NRCS soil survey indicated Land Capability Classification as a mixture of 3E, 4E, 6E and 7E soils. *("If properly managed, soils in classes 1,2,3,4 are suitable for the mechanized production of commonly grown field crops and for pasture and woodland. The degree of the soil limitations affecting the production of cultivated crops increases progressively from class 1 to class 5. The limitations can affect levels of production and the risk of permanent soil deterioration caused by erosion and other factors. Soils in classes 5, 6, 7 are generally not suitable for mechanized productions without special management. Capability subclasses indicate the dominant limitations for mechanized production in the class E, shows that the main hazard is the risk of erosion unless a close growing plant cover is maintained."* From USDA-NRCS Soil Survey). Topography is gently rolling to hilly. This tract is surrounded by native rangeland, it is unlikely that this tract would be broke for agricultural production in the future as it has been historically used as grazing land and no cropland is within the immediate area. The proposal does not involve any ground disturbance, therefore no soil effect differences between the alternatives. It is expected that this land will be used for livestock grazing purposes in the future. The state owns, and would retain ownership of all mineral rights associated with these tracts. No evidence of any unusual geological features.

Alternative A-No impact expected

Alternative B-No impact expected

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

There are two recorded water right associated with the proposed tract for sale. If sold water rights would transfer to the new land owner. Other water quality and/or quality issue will not be impacted by the proposed action.

| Legal | Water right no. | Purpose | Source | Priority Date |
|-----------------|-----------------|---------|---------------------|---------------|
| T10N-R40E-Sec16 | 42KJ 42774 00 | Stock | Trib-Porcupine Cr. | 4/15/1960 |
| T11N-R42E-Sec36 | 42K 8232 00 | Stock | Trib-Van Burton Cr. | 7/15/1959 |

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

Pollutant and particulate levels are currently normal for the area; no increases in these levels are expected. The proposal does not include an on the ground activities, or changes to activities. Tracts do not have any air quality regulations or zones.

Alternative A-No impact expected

Alternative B-No impact expected

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

T10N-R40E-Sec 16 contains range sites consisting of shallow/clay. Dominant plant species include Western Wheatgrass (*Agropyron smithii*), Bluebunch Wheatgrass (*Agropyron spicatum*), Green Needlegrass (*Stipa viridula*), Prairie Sandreed (*Calamovilfa longifolia*), Needle & Thread (*Stipa comata*), Blue Grama (*Bouteloua gracilis*), Greasewood (*Sarcobatus vermiculatus*), Cactus (*Opuntia*). Sub-dominate species include various forbs and woody species. No rare plants or cover types are noted on this section.

T10N-R42E-Sec 16 contains range sites consisting of claypan, badlands and overflow. Dominant species include Western Wheatgrass (*Agropyron smithii*), Green Needlegrass (*Stipa viridula*), Alkali Sacaton (*Sporobolus airoides*), Bluebunch Wheatgrass (*Agropyron spicatum*), Threadleaf Sedge (*Carex filifolia*), Needle & Thread (*Stipa comata*), Prairie Junegrass (*Koeleria pyramidata*), Blue Grama (*Bouteloua gracilis*) and Inland Saltgrass (*Distichlis stricta*). Sub-dominate species include various forbs and woody species. No rare plants or cover types are noted on this section.

T11N-R41E-Sec 36 contains range sites consisting of thin silty/shallow/shallow clay complex and claypan. Dominant plant species include Western Wheatgrass (*Agropyron smithii*), Green Needlegrass (*Stipa viridula*), Bluebunch Wheatgrass (*Agropyron spicatum*), Little Bluestem (*Schizachyrium scoparium*), Saltbrush, Needle & Thread (*Stipa comata*) and Blue Grama (*Bouteloua gracilis*). Sub-dominate species include various forbs and woody species. No rare plants or cover types are noted on this section.

T11N-R42E-Sec 36 contains range sites consisting of claypan and rock outcrop/shallow complex. Dominant plant species include Western Wheatgrass (*Agropyron smithii*), Green Needlegrass (*Stipa viridula*), Alkali Sacaton (*Sporobolus airoides*), Bluebunch Wheatgrass (*Agropyron spicatum*), Needle & Thread (*Stipa comata*), Inland Saltgrass (*Distichlis stricta*), Prairie Junegrass (*Koeleria pyramidata*) and Blue Grama (*Bouteloua gracilis*). Sub-dominate species include various forbs and woody species. No rare plants or cover types are noted on this section.

T7N-R42E-Sec 16 contains range sites consisting of thin silty/shallow/shallow clay/rock outcrop complex. Dominant plant species include Western Wheatgrass (*Agropyron smithii*), Green Needlegrass (*Stipa viridula*), Alkali Sacaton (*Sporobolus airoides*), Bluebunch Wheatgrass (*Agropyron spicatum*), Prairie Sandreed (*Calamovilfa longifolia*), Saltbrush, Needle & Thread (*Stipa comata*), Threadleaf Sedge (*Carex filifolia*), Blue Grama (*Bouteloua gracilis*) and Greasewood (*Sarcobatus vermiculatus*). Sub-dominate species include various forbs and woody species. No rare plants or cover types are noted on this section.

Vegetation may be affected by numerous land management activities including livestock grazing, development or wildlife management. It is unknown what land use activities may be associated with a change in ownership; however the vegetation on this tract is typical of land throughout the vicinity and there are no known rare, unique cover types or vegetation on the tract. It is expected that this tract will be used for grazing livestock in the future. The proposal does not include an on the ground activities or changes to activities and therefore we do not expect any direct or cumulative effects would occur to vegetation as a result of this proposal.

Alternative A-No impact expected

Alternative B-No impact expected

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

These parcels of state trust land are used by a variety of wildlife species typical of use on undeveloped lands throughout the county. Wildlife populations can be affected by land use activities associated with livestock grazing, residential development or agricultural practices. The area is not considered critical wildlife habitat. However, this tract provides habitat for a variety of big game species (mule deer, whitetail deer, pronghorn antelope), predators (coyote, fox, badger), upland game birds, other non-game mammals, raptors and various songbirds. Wildlife use on these sections is not seasonal in nature. Comment was received from Region 7 Fish, Wildlife & Parks concerning T10N-R42E-Sec16 and T11N-R41E-Sec36 with regards that these tracts are some of the most productive Antelope habitat in the area. However, management is not expected to change through the sale of these tracts; therefore area should remain a viable habitat for the antelope population.

Alternative A-No impact expected

Alternative B-No impact expected

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

A search of the Montana Natural Heritage Program database shows the habitat and nesting/foraging area for the sensitive species Greater Sage Grouse has been noted and is centralized in the area of this section. Sage grouse leks, while present in the general area, are not present on this state trust land proposed for sale in Rosebud County. The proposal does not include any activities which could alter any habitat, so no effects are expected in either alternative.

Alternative A-No impact expected

Alternative B-No impact expected

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

No historic and/or archaeological sites were noted in the past DNRC field evaluation forms. However, a class III level inventory and subsequent evaluation of cultural and paleontological resources will be carried out if preliminary approval of the parcel nomination by the Board of Commissioners is received. Based on the results of the Class III inventory/evaluation the DNRC will, in consultation with the Montana State Historic Preservation Officer, assess direct and cumulative impacts.

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

These tracts are located in a rural area of Rosebud County and are not highly visible from a county road. These state lands do not provide any unique scenic qualities not also provided on adjacent private lands. The proposal does not include any on the ground activities; therefore there should be no change to the aesthetics in either alternative.

Alternative A-No impact expected

Alternative B-No impact expected

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

There are 5,155,545.98 acres of Trust land surface ownership in Montana. There are approximately 178,101 acres of Trust land in Rosebud County. There are 173,878.51 acres of trust land classified as grazing within Rosebud County. This proposal includes 3,200 acres, or approximately 1.7 percent of the state land within the county and 1.8 percent of classified grazing acres of state land within the county.

The potential transfer of ownership will not have any impact or demands on environmental resources of land, water, air or energy.

Alternative A-No impact expected

Alternative B-No impact expected

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

There are no other projects or plans being considered on the tracts listed on this Environmental Assessment.

There are 28 tracts in Rosebud County being proposed for sale under the Land Banking Program and are being evaluated under separate review.

| IV. IMPACTS ON THE HUMAN POPULATION |
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| <ul style="list-style-type: none">• <i>RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.</i>• <i>Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.</i>• <i>Enter "NONE" if no impacts are identified or the resource is not present.</i> |
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14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

No impacts to human health and safety should occur as a result of the proposal.

Alternative A-No impact expected

Alternative B-No impact expected

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

There is very little potential in this area for industrial, commercial and agricultural development; therefore activities in these areas are expected to remain the same. No direct or cumulative impacts are anticipated as a result of the proposal.

Alternative A-No impact expected

Alternative B-No impact expected

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

The proposal should have no affect on quantity and distribution of employment.

Alternative A-No impact expected

Alternative B-No impact expected

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

Alternative A-No impact expected

Alternative B- These parcels would move from tax exempt status to taxable status, which will provide income to Rosebud County. The exact amount is unknown until assessor appraisal is completed.

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

Being remote grazing land no traffic changes would be anticipated. The proposed action would also not create any added demand on public services such as water, electric or telephone services. Overall, no direct or cumulative impacts are anticipated as a result of the proposal.

Alternative A-No impact expected

Alternative B-No impact expected

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

These tracts are surrounded by private land. There are no zoning or other agency management plans affecting this land.

Alternative A-No impact expected

Alternative B-No impact expected

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

These are isolated parcels with no type of legal access; in addition there are no recreational or wilderness areas nearby or accessed through this parcel.

Alternative A-No impact expected

Alternative B-No impact expected

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

This proposal does not include any changes to housing or developments.

Alternative A-No impact expected

Alternative B-No impact expected

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

Alternative A-No impact expected

Alternative B-No impact expected

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

Eastern Montana has a rich history of farming & ranching. The State Trust Land in this proposal is currently managed for grazing. The State Land is generally indistinguishable from the adjacent private lands, with no unique quality.

The potential sale of this State Land would not directly or cumulatively impact cultural uniqueness or diversity. It is unknown what management activities would take place on the land if ownership was transferred.

Alternative A- No impact expected

Alternative B- The sale of the state land should not directly or cumulatively impact cultural uniqueness or diversity.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

| Legal | Acres | 3 Year Average Income | Average Income per Acre |
|-----------------|-------|-----------------------|-------------------------|
| T10N-R40E-Sec16 | 640 | \$777.53 | \$.96 |
| T10N-R42E-Sec16 | 640 | \$750.52 | \$.92 |
| T11N-R41E-Sec36 | 640 | \$636.62 | \$.75 |
| T11N-R42E-Sec36 | 640 | \$711.70 | \$.87 |
| T7N-R42E-Sec16 | 640 | \$744.05 | \$.91 |

Based on the DNRC Annual Report for Fiscal Year 2004, the average income for the 4.3 million acres of grazing land was \$1.83/acre with an average productivity of .25 acres/ AUM. Therefore these tracts are considered below average in productivity and producing below average revenue per acre. There is no indication these tracts, if remaining in state ownership would be used for purposes other than grazing and it is likely the future income would remain relatively stable.

An appraisal of the property value has not been completed to date. Under DNRC rules, an appraisal would be conducted if preliminary approval to proceed is granted by the Board of Land Commissioners. The Department is conducting a more detailed evaluation at this time in order to make a determination on whether to offer this tract for sale. The revenue generated from the sale of this parcel would be combined with other revenue in the Land Banking account to purchase replacement property for the benefit of the trust. It is anticipated the replacement property would have legal access and be adjacent to other trust lands which would provide greater management opportunities and income. If replacement property was not purchased prior to expiration of the statue, the revenue would be deposited in the permanent trust for investment.

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| EA Checklist Prepared By: | Name: Tina Hirsch | Date: 9/29/08 |
| | Title: Land Use Specialist | |

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative B, recommend these tracts receive preliminary approval for sale and continue with the Land Banking process.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

Evaluation of the comments received and potential environmental affects have determined significant environmental affects would not result from the proposed land sale. These tracts do not have any unique characteristics, critical habitat or environmental conditions indicating these tracts should necessarily remain under management by the Department of Natural Resources and Conservation. There are no indications these tracts would produce substantially greater revenue or have substantially great value to the trust in the near future.

The tract is entirely surrounded by private lands which control access to the state land and which will likely remain unchanged if the parcel is sold. It is likely the tract will continue to be managed in a manner consistent with the surrounding private land.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

☐ EIS
 ☐ More Detailed EA
 ☒ No Further Analysis

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| EA Checklist Approved By: | Name: Rick Strohmyer |
| | Title: Area Manager |
| Signature: | Date: |